

**GOVERNMENT OF TELANGANA**

**ABSTRACT**

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Telangana Drinking Water Supply Corporation borrowing loan of Rs.2428.00 crores (Term – I of Rs.1360.00 crores and Term-II of Rs.1068.00 crores) from Canara Bank to provide drinking water supply to Warangal and Khammam Districts under Mission Bhagiratha with an estimated Project Cost of Rs.3035.00 Crores - Permission – Accorded- Orders-Issued.

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**PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) DEPARTMENT**

**G.O.Rt.No.943.**

**Dated:18.11.2016**

**Read the following:-**

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS-IV) Dept.,dt.15.05.2015.
- 2.From the Canara Bank, Industrial Finance Branch, Ref.No.HYD IFB CR TDWSCL 2016 PAV, dt.5.11.2016
- 3.From the ENC, RWS&S, Hyd., Lr A2/TDWSP/Canara Bank/Phase-I & Phase-II/1118/2016, Dt.7.11.2016

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**ORDER:-**

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation (TDWSC) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 2<sup>nd</sup> read above, Canara Bank, Hyderabad, while enclosing the terms and conditions applicable to obtain loan from them for Telangana Drinking Water Supply Corporation in certain mandals in Warangal and Khammam Districts has sanctioned term loan amount of Rs.2428.00 crores (Term – I of Rs.1360.00 crores and Term-II of Rs.1068.00 crores) out of the project cost Rs.3035.00 crores (excluding Interest During Construction).

3. In the reference 3<sup>rd</sup> read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that the proposals were submitted to the Canara Bank for implementation of two segments 1) To provide drinking water supply to 17 mandals in Warangal District and 1 mandal in Khammam District from Palair reservoir at a total project cost of Rs.1700.00 Crores & 2) To provide drinking water supply to 10 mandals in Warangal District from Lower Manair Dam (LMD) in Karimnagar District at a total project cost of Rs.1335.00 Crores under Mission Bhagiratha for sanction of loan of Rs.2428.00 crores (Term – I of Rs.1360.00 crores and Term-II of Rs.1068.00 crores) out of the total project cost of Rs.3035.00 crores( excluding IDC). He has also stated that the Canara Bank, Hyderabad has forwarded the loan sanction letter for implementation of the above segment for an amount of Rs.2428.00 crores((Term – I of Rs.1360.00 crores and Term-II of Rs.1068.00 crores) along with terms and conditions for acceptance of the competent authority. Therefore, he has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above two segments and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with Canara Bank.

4. Government after careful consideration of the matter, hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation to borrow the loan amount of Rs.2428.00 Crores (Rupees Two thousand four hundred and Twenty eight crores only) from Canara Bank for implementation of two segments 1) To provide drinking water supply to 17 mandals in Warangal District and 1 mandal in Khammam District from Palair reservoir with project cost of Rs.1700.00 Crores & 2) To provide drinking water supply to 10 mandals in Warangal District from Lower Manair Dam (LMD) in Karimnagar District with project cost of Rs.1335.00 Crores under Mission Bhagiratha with total project cost of Rs.3035.00 crores (excluding Interest during construction), as per the terms and conditions of Canara Bank( Interest rate as One year MCLR of 9.35% + 0.65 % ie., 10% per annum(fixed) till 31.03.2020, and reset of Interest on 01.4.2020 and every year thereafter). Government of Telangana will stand

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guarantee for repayment of loan taken from Canara Bank covering principle & interest. The state margin money (20% of the project cost of Rs.607.00 crores (Rupees Six hundred and Seven crores only)( i.e., Rs.340.00 crores Term –I loan + Rs.267.00 crores Term-II loan) and a tune of Rs.300.00 crores (Rupees Three hundred crores only) towards IDC will be met by the Govt. of Telangana through budgetary support. The terms and Conditions approved by the Govt., are appended to this order.

5. The guarantee commission shall be paid at the rate of 2% consolidated for the entire guarantee period to State Government and the same shall be charged to the project cost from the savings available (if any) or project cost to be revised duly considering the guarantee commission. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by Government".

5. The Managing Director, Telangana Drinking Water Supply Corporation shall take necessary action in the matter accordingly.

6. This order issues with the concurrence of the Finance (DCM) Department vide their U.O.No.13877/190/A1/2016, dt.17.11.2016

7. This order is available on the internet and can be accessed at the address <http://www.goir.Telangana.gov.in>.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)**

**S.P. SINGH**

**SPECIAL CHIEF SECRETARY TO GOVERNMENT**

To

The Managing Director, Telangana Drinking Water Supply Corporation, Hyderabad.

The Director of Treasuries and Accounts, Telangana State, Hyderabad.

The Accountant General, Telangana State, Hyderabad.

**Copy to:**

The PS to Additional Secretary to Hon'ble Chief Minister,

The PS to Chief Secretary.

The Finance (DCM) Department.

The PS to Special Chief Secretary PR&RD (RWS)

The Engineer -in-Chief, RWS&S, Hyderabad.

The Canara Bank, Hyderabad.

The Advisor to Govt., RWS&S.,

SC/SF.

**//FORWARDED::BY ORDER//**

**SECTION OFFICER**

**(Contd. To ANNEXURE)**

**ANNEXURE to the G.O.Rt.No.943 , PR&RD(RWS.IV)Dept., Dated.18.11.2016**

The terms and conditions approved by the Government:-

<b>Nature of Limit</b>	<b>Term Loan - I</b>	<b>Term Loan - II</b>
<b>Limit</b>	<b>Rs.1360.00 Crore ( Rupees One Thousand three hundred and sixty Crore only )</b>	<b>Rs. 1068.00 Crore ( Rupees One Thousand and sixty eight Crore only )</b>
<b>Purpose</b>	To provide drinking water supply to 17 mandals in Warangal District and 1 mandal in Khammam District from Palair reservoir at a total project cost of Rs.1700.00 Crore.	To provide drinking water supply to 10 mandals in Warangal District from Lower Manair Dam (LMD) in Karimnagar District at a total project cost of Rs. 1335.00 Crore.
<b>Repayment</b>	<p>TERM LOAN I : To be repaid in 48 quarterly instalments commencing from 01.06.2019 { 47 instalments of Rs. 28.33 Crore each and last (48<sup>th</sup>) instalment of Rs. 28.49 Crore }.</p> <p>Interest and other charges to be paid as when due.</p> <p>TERM LOAN II : To be repaid in 48 quarterly instalments of Rs. 22.25 Crore each commencing from 01.06.2019.</p> <p>Interest and other charges to be paid as and when due</p>	
<b>Tenor</b>	14 Years and 6 Months	
<b>Margin</b>	<b>20%</b>	
<b>Applicable ROI</b>	MCLR + 6% + 0.85% p.a ( term premia ) {for Moderate Risk rated – Grade V accounts}.	
<b>Rate of Interest Permitted</b>	One year MCLR i.e 9.35% + 0.65% ie, 10.00% p.a. (fixed) till 31.03.2020 and reset of interest on 01.04.2020 and every year thereafter, subject to the condition that our RoI shall not be below the One Year MCLR at any point of time, and if One Year MCLR is above 10.00% then the prevailing MCLR shall be applicable during such period with monthly rests.	
<b>Reset of ROI</b>	<b>On 01.04.2020 and every year thereafter</b>	
<b>Security</b>	<b>As para IV</b>	
<b>Disbursement</b>	<ol style="list-style-type: none"> <li>Expenditure estimates shall be submitted by the Corporation based on which Branch shall release 80% of the estimated expenditure.</li> <li>After the payment / pass memo is issued by the Finance Department, the share of Government (ie, 20% margin) would be released and the Corporation shall incur the expenditure.</li> <li>CA Certificate of the expenditure incurred out of the term loan availed earlier, shall be submitted by the Corporation before approaching for subsequent disbursement.</li> </ol>	
<b>Upfront Fee</b>	<b>Waived</b>	
<b>Documentation Charges</b>	<b>Waived</b>	
<b>Prepayment Penalty</b>	<b>Waived</b>	
<b>Annual Review Charges</b>	<b>Waived</b>	
<b>Other Conditions</b>	<ol style="list-style-type: none"> <li>State Government shall approve the proposed borrowings of Rs. 2428.00 Crore, extending Government guarantee along with approval for infusion of 20% of project cost ie, Rs. 607.00 Crore (ie, Rs. 340 Crore + Rs. 267 Crore ) as their margin.</li> <li>Term Loan shall be released only after ensuring that margin of 20% is duly infused by the Corporation.</li> </ol>	

	<ol style="list-style-type: none"> <li>3. The Corporation shall undertake to service the bank loans from the project revenues.</li> <li>4. The Corporation shall obtain all statutory and non statutory clearances, including approvals from Central Government agencies, required for implementation of the project before disbursement.</li> <li>5. The Corporation shall undertake that in the event of reduction in the project cost on account of any savings due to reduction in duties / other taxes, price negotiations or otherwise, there would be a prorata reduction in all components of means of finance, duly maintaining the funding ratio of 80:20.</li> <li>6. The Corporation shall undertake that in case of any cost overrun in the project cost, the same would be met by the Corporation without any recourse to the Banks for additional loans.</li> <li>7. The Corporation shall submit a Letter of Commitment / Government Order from the Finance Department, Govt. of Telangana for contributing 20% of the project cost (including IDC) as margin and continue the same till the entire outstanding under the term loans is cleared.</li> <li>8. The Corporation shall ensure that necessary land is acquired for smooth implementation of the project.</li> <li>9. The Corporation shall submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the project.</li> </ol>
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## **II PRE DISBURSEMENT CONDITIONS :**

1. Corporation shall submit an Undertaking Letter not to divert the Bank Borrowings to invest by way of share capital in or lend or advance funds to or place deposits with any associate / allied / sister / any other concerns.
2. Required loan documents are to be executed in the formats prescribed by the bank.
3. The Corporation shall submit resolution of under Sec 180 (1) (c ) of the Companies Act, 2013 fixing its borrowal limits and Certificate of Statutory Auditor shall be obtained to that effect that the proposed borrowing will be within such Limit.
4. State Government shall approve for the proposed borrowing of Rs. 2428.00 Crore, extending Irrevocable and unconditional government Guarantee along with approval of 20% of project cost i.e. Rs.607.00 Crore as their margin before disbursement of Term Loan.
5. Corporation shall provide all Statutory and non Statutory clearances required for implementation of the Project including environment clearances, approval from Central Government / State Government agencies before disbursement and in force.
6. Corporation to submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the Project.
7. Corporation to submit an undertaking to the effect that there are no interstate disputes that affect the progress / implementation of the Project.
8. Corporation to provide Letter of Commitment / Government Order from the Finance Department, government of Telangana for contributing to 20% of the project cost as margin.

## **III. Other Permissions :**

### **Permitted the following :**

1. Waiver of obtention of segment wise detailed Project Report, Revenue stream, Project financials and to accept the details for the project as a whole.
2. Waiver of Personal Guarantee of all the Directors ( as all the Directors are nominated / appointed by the Government of Telangana and theses Directors have no stake in the Corporation).

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- 3. Waiver of obtention of External Rating, since this is a mega Green-field, Social service and State Government – Guaranteed Project.
- 4. Waiver of stipulation of Insurance for Project Assets including assets created out of our Term Loans.

IV. SECURITIES :

a) PRIMARY:

( Rs. in Crore )					
	Description	Value	Our Share	Source and date	Nature of Charge
Term Loans	Project Assets relating to Palair Segment & LMD Manakondur Segment.	Term Loan disbursement amount i.e. Rs. 2428 Cr + applicable margin i.e. Rs. 607 Cr = Rs. 3035.00 Crore	100% - 1 <sup>st</sup> charge on Project Assets created out of our Term Loan	---	Hypothecation

b) COLLATERAL : -- NIL --

c) Personal Guarantee: -- NIL --

d) Corporate Guarantee:

Unconditional & Irrevocable Guarantee of State Government of Telangana.

V. SPECIFIC CONDITIONS OF SANCTIONING AUTHORITY :

- 1) Our Rate of Interest shall not be less than that of other Lenders of the Project. Inspection / verification / valuation of assets / securities charges to the Bank shall be got periodically carried out.
- 2) Corporation to submit latest financials of M/s. Telangana Drinking Water Supply Corporation Ltd ( TDWSCL )
- 3) Servicing of the Bank Loan by the Corporation is to be made out of Project revenue.
- 4) Corporation to note that, in the event of reduction in the Project cost on account of any savings on account of duties / other taxes, price negotiations or otherwise there would be prorata reduction in all components of means of finance.
- 5) Corporation to note that, in any case of any cost overrun in the Project cost, the same would be met by the Corporation without recourse to the Project Lenders.
- 6) Corporation to submit PIPR as and when called for
- 7) Suitable indemnity / risk letter from the Corporation regarding waiver of Insurance cover of Project assets shall be submitted
- 8) Corporation shall pay actual legal expenses incurred by Bank for documentation, filing of Charges, Search Report etc.

VI. GENERAL TERMS & CONDITIONS :

- (a) Limits if not availed within 6 months shall stand cancelled unless specific permission is obtained for extension of validity of this sanction
- (b) Charge on current/ fixed asset should be created/modified within 30 days from the date of execution of the loan documents and extract of the register of charges should be produced to the bank within 45 days from the date of execution of loan documents.
- (c) Non-compliance of any of the sanction Terms/Conditions will attract penal interest @ 2% over and above applicable ROI.
- (d) The Bank may revoke in part or in full or withdraw / stop financial assistance at any stage without any notice or giving any reasons for any purpose whatsoever.

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- (e) This sanction does not vest in any one right to claim any damages against the Bank for any reasons whatsoever.
- (f) Notwithstanding anything contained hereinabove, the Bank at any time reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice :
  - a. In case the limits/part of the limits are not utilized by you and/or;
  - b. In case deterioration in the loan accounts in any manner whatsoever and/or;
  - c. In case of non-compliance of sanction terms and conditions of the sanction.
- (g) Please retransmit the duplicate of this communication duly signed in token of acceptance of the credit facilities sanctioned on the terms and conditions stipulated herein.

**S.P. SINGH**  
**SPECIAL CHIEF SECRETARY TO GOVERNMENT**

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**SECTION OFFICER**